



BANK MUAMALAT MALAYSIA BERHAD

Company No. 6175-W
(Incorporated in Malaysia)

**UNAUDITED
FINANCIAL STATEMENTS FOR HALF YEAR ENDED
30 SEPTEMBER 2012**

PUBLIC

Company No. 6175-W

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (14 ZULKAEDAH 1433)

Group	Note	Unaudited	Audited	
		As at 30.09.2012 RM'000	As at 31.03.2012 RM'000 (restated)	As at 01.04.2011 RM'000 (restated)
ASSETS				
Cash and short-term funds		1,822,462	4,391,223	6,199,953
Cash and placements with financial institutions		140,714	110,333	251,012
Financial investments designated at fair value through profit and loss	4(a)	94,653	45,972	-
Financial investments held-to-maturity	4(b)	40,802	28,522	28,585
Financial investments available-for-sale	4(c)	5,722,782	6,144,018	4,370,987
Islamic derivative financial assets	5	3,198	4,150	5,177
Financing of customers	6	9,688,714	8,999,361	7,130,634
Other assets	9	43,723	44,371	70,700
Statutory deposits with Bank Negara Malaysia		574,721	527,721	94,121
Deferred tax assets	10	26,695	62,133	42,622
Investment in associate companies	8	979	-	-
Property, plant and equipment		82,975	81,072	101,521
Prepaid land lease payment		248	251	255
Total assets		18,242,666	20,439,127	18,295,567
LIABILITIES				
Deposits from customers	11	16,010,460	18,151,087	16,216,173
Deposits and placements of banks and other financial institutions	12	9,124	11,896	14,993
Islamic derivative financial liabilities	5	7,136	5,630	3,986
Bills and acceptances payable		203,177	310,324	291,375
Other liabilities	13	98,521	133,044	164,398
Provision for zakat and taxation	14	2,992	20,521	5,228
Subordinated sukuk	15	406,079	406,079	251,128
Total liabilities		16,737,489	19,038,581	16,947,281
SHAREHOLDERS' EQUITY				
Share capital		1,000,000	1,000,000	1,000,000
Reserves		505,177	400,546	348,286
Total shareholders' equity		1,505,177	1,400,546	1,348,286
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		18,242,666	20,439,127	18,295,567
COMMITMENTS AND CONTINGENCIES				
	24	4,545,526	4,287,269	5,820,824
CAPITAL ADEQUACY *				
Core capital ratio	25	13.6%	14.4%	15.2%
Risk-weighted capital ratio	25	18.8%	19.7%	19.2%

* The capital adequacy ratios are computed after taking into account the credit, market and operational risks.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (14 ZULKAEDAH 1433)

Bank	Note	Unaudited	Audited	
		As at 30.09.2012 RM'000	As at 31.03.2012 RM'000 (restated)	As at 01.04.2011 RM'000 (restated)
ASSETS				
Cash and short-term funds		1,822,462	4,391,223	6,199,953
Cash and placements with financial institutions		140,714	110,333	251,012
Financial investments designated at fair value through profit and loss	4(a)	94,653	45,972	-
Financial investments held-to-maturity	4(b)	40,802	28,522	28,585
Financial investments available-for-sale	4(c)	5,717,982	6,139,218	4,360,187
Islamic derivative financial assets	5	3,198	4,150	5,177
Financing of customers	6	9,701,078	9,011,683	7,148,508
Other assets	9	34,510	37,394	63,645
Statutory deposits with Bank Negara Malaysia		574,721	527,721	94,121
Deferred tax assets (net)	10	26,695	62,133	42,622
Investment in subsidiaries		6,384	6,384	6,484
Investment in associate companies	8	1,000	-	-
Property, plant and equipment		82,970	81,072	101,516
Prepaid land lease payment		248	251	255
Total assets		18,247,417	20,446,056	18,302,065
LIABILITIES				
Deposits from customers	11	16,017,017	18,158,747	16,222,790
Deposits and placements of banks and other financial institutions	12	9,124	11,896	14,993
Islamic derivative financial liabilities	5	7,136	5,630	3,986
Bills and acceptances payable		203,177	310,324	291,375
Other liabilities	13	98,454	133,218	164,422
Provision for zakat and taxation	14	2,983	20,511	5,228
Subordinated sukuk	15	406,079	406,079	251,128
Total liabilities		16,743,970	19,046,405	16,953,922
SHAREHOLDERS' EQUITY				
Share capital		1,000,000	1,000,000	1,000,000
Reserves		503,447	399,651	348,143
Total shareholders' equity		1,503,447	1,399,651	1,348,143
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				
		18,247,417	20,446,056	18,302,065
COMMITMENTS AND CONTINGENCIES				
	24	4,545,526	4,287,269	5,820,824
CAPITAL ADEQUACY *				
Core capital ratio	25	13.6%	14.4%	15.2%
Risk-weighted capital ratio	25	18.8%	19.7%	19.2%

* The capital adequacy ratios are computed after taking into account the credit, market and operational risks.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2012.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
INCOME STATEMENTS

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012 (14 ZULKAEDAH 1433)

<u>Group</u>	Note	3 months ended		6 months ended	
		30 September 2012 RM'000	30 September 2011 RM'000 (restated)	30 September 2012 RM'000	30 September 2011 RM'000 (restated)
Income derived from investment of depositors' funds and others	16	218,800	205,455	457,781	418,116
Income derived from investment of shareholders' funds	17	18,750	14,910	35,439	25,548
Writeback of/(allowance for) impairment on financing	18	15,024	(28,599)	14,678	(36,497)
Impairment (loss)/writeback on investments	19	(7,527)	19,150	(6,779)	18,693
Share of loss of associate company		(21)	-	(21)	-
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(2,738)	(4,662)	(4,670)	(9,341)
Total distributable income		242,288	206,254	496,428	416,519
Income attributable to depositors	20	(102,004)	(82,998)	(202,652)	(170,828)
Total net income		140,284	123,256	293,776	245,691
Personnel expenses		(45,917)	(43,264)	(101,373)	(88,263)
Other overheads and expenditures		(31,251)	(68,222)	(61,714)	(95,920)
Finance cost		(5,316)	(8,059)	(10,522)	(12,970)
Profit before zakat and taxation		57,800	3,711	120,167	48,538
Zakat	21	(1,445)	(651)	(2,983)	(1,677)
Taxation	22	(17,834)	(10,226)	(33,419)	(22,067)
Profit / (loss) for the period		38,521	(7,166)	83,765	24,794
Earnings per share (sen):					
Basic		3.9	(0.7)		

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2012.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
INCOME STATEMENTS

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012 (14 ZULKAEDAH 1433)

<u>Bank</u>	Note	3 months ended		6 months ended	
		30 September 2012 RM'000	30 September 2011 RM'000 (restated)	30 September 2012 RM'000	30 September 2011 RM'000 (restated)
Income derived from investment of depositors' funds and others	16	218,800	205,455	457,781	418,116
Income derived from investment of shareholders' funds	17	18,566	14,854	34,975	25,366
Writeback of/(allowance for) impairment on financing	18	15,024	(28,599)	14,678	(36,497)
Impairment (loss)/writeback on investments	19	(7,527)	19,150	(6,779)	18,693
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(2,738)	(4,662)	(4,670)	(9,341)
Total distributable income		242,125	206,198	495,985	416,337
Income attributable to depositors	20	(102,047)	(83,037)	(202,737)	(170,904)
Total net income		140,078	123,161	293,248	245,433
Personnel expenses		(45,654)	(43,081)	(100,910)	(87,895)
Other overheads and expenditures		(31,439)	(68,282)	(62,739)	(95,960)
Finance cost		(5,178)	(7,956)	(10,300)	(12,931)
Profit before zakat and taxation		57,807	3,842	119,299	48,647
Zakat	21	(1,445)	(651)	(2,983)	(1,677)
Taxation	22	(17,818)	(10,202)	(33,387)	(22,033)
Profit / (loss) for the period		38,544	(7,011)	82,929	24,937

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2012.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012 (14 ZULKAEDAH 1433)

<u>Group</u>	3 months ended		6 months ended	
	30 September 2012 RM'000	30 September 2011 RM'000 (restated)	30 September 2012 RM'000	30 September 2011 RM'000 (restated)
Profit /(loss) for the period	38,521	(7,166)	83,765	24,794
Other comprehensive income/(loss):				
Net unrealised (loss)/gain on revaluation of financial investment available-for-sale	(5,897)	(21,614)	27,854	(13,669)
Income tax relating to components of other comprehensive income	1,702	4,522	(6,347)	4,301
Exchange fluctuation reserve	169	659	(640)	1,035
Other comprehensive (loss)/income for the period, net of tax	(4,027)	(16,433)	20,866	(8,333)
Total comprehensive income /(loss) for the period	34,494	(23,599)	104,631	16,461
<u>Bank</u>	30 September 2012 RM'000	30 September 2011 RM'000 (restated)	30 September 2012 RM'000	30 September 2011 RM'000 (restated)
Profit /(loss) for the period	38,544	(7,011)	82,929	24,937
Other comprehensive income/(loss):				
Net unrealised gain/(loss) on revaluation of financial investment available-for-sale	(5,897)	(21,614)	27,854	(14,477)
Income tax relating to components of other comprehensive income	1,702	4,522	(6,347)	4,301
Exchange fluctuation reserve	169	659	(640)	1,035
Other comprehensive (loss)/income for the period, net of tax	(4,026)	(16,433)	20,867	(9,141)
Total comprehensive income /(loss) for the period	34,519	(23,444)	103,796	15,796

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2012.

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012 (14 ZULKAEDAH 1433)

<u>Group</u>	<u>Note</u>	<u>Share Capital</u>	<u>Non-distributable</u>			<u>Distributable</u>	<u>Total Equity</u> RM'000
		<u>Ordinary shares</u> RM'000	<u>Statutory reserve*</u> RM'000	<u>Exchange fluctuation reserve</u> RM'000	<u>Available-for-sale reserve</u> RM'000	<u>Retained profits</u> RM'000	
As at 1 April 2012							
As previously stated		1,000,000	315,385	83	(56,169)	170,589	1,429,888
- Effect of full adoption of MFRS 139	26(a)	-	-	-	-	(29,342)	(29,342)
At 1 April 2012, as restated		1,000,000	315,385	83	(56,169)	141,247	1,400,546
Other comprehensive income/(loss) for the period		-	-	(640)	21,507	-	20,866
Profit for the period		-	-	-	-	83,765	83,765
Transfer to statutory reserve		-	41,464	-	-	(41,464)	-
At 30 September 2012		1,000,000	356,849	(557)	(34,662)	183,548	1,505,177
At 1 April 2011							
As previously stated		1,000,000	272,893	553	(40,113)	128,097	1,361,430
- Effect of full adoption of MFRS 139	26(a)	-	-	-	-	(13,144)	(13,144)
At 1 April 2011, as restated		1,000,000	272,893	553	(40,113)	114,953	1,348,286
Other comprehensive income/(loss) for the period		-	-	1,035	(9,368)	-	(8,333)
Profit for the period, as restated	26(d)	-	-	-	-	24,794	24,794
Transfer to statutory reserve		-	19,203	-	-	(19,203)	-
At 30 September 2011		1,000,000	292,096	1,588	(49,481)	120,544	1,364,747

* The statutory reserve is maintained in compliance with Section 15 of the Islamic Banking Act 1983 and is not distributable as dividends.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2012.

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012 (14 ZULKAEDAH 1433)

	Note	<u>Share Capital</u>	<u>Non-distributable</u>			<u>Distributable</u>	Total Equity RM'000
		Ordinary shares RM'000	Statutory reserve* RM'000	Exchange fluctuation reserve RM'000	Available- for-sale reserve RM'000	Retained profits RM'000	
Bank							
At 1 April 2012							
As previously stated		1,000,000	313,788	83	(56,168)	171,290	1,428,993
- Effect of full adoption of MFRS 139	26(a)	-	-	-	-	(29,342)	(29,342)
At 1 April 2012, as restated		1,000,000	313,788	83	(56,168)	141,948	1,399,651
Other comprehensive income/(loss) for the period		-	-	(640)	21,507	-	20,867
Profit for the period		-	-	-	-	82,929	82,929
Transfer to statutory reserve		-	41,464	-	-	(41,464)	-
At 30 September 2012		1,000,000	355,252	(557)	(34,661)	183,413	1,503,447
At 1 April 2011							
As previously stated		1,000,000	271,603	553	(39,974)	129,105	1,361,287
- Effect of full adoption of MFRS 139	26(a)	-	-	-	-	(13,144)	(13,144)
At 1 April 2011, as restated		1,000,000	271,603	553	(39,974)	115,961	1,348,143
Other comprehensive income/(loss) for the period		-	-	1,035	(10,176)	-	(9,141)
Profit for the period, as restated	26(d)	-	-	-	-	24,937	24,937
Transfer to statutory reserve		-	(12,469)	-	-	12,469	-
At 30 September 2011		1,000,000	259,135	1,588	(50,150)	153,367	1,363,939

* The statutory reserve is maintained in compliance with Section 15 of the Islamic Banking Act 1983 and is not distributable as dividends.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2012.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012 (14 ZULKAEDAH 1433)

	Group		Bank	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Cash flows from operating activities				
Profit before zakat and taxation	120,167	48,538	119,299	48,647
Adjustment for				
Amortisation of prepaid land and lease payment	2	3	2	3
Depreciation of property, plant and equipment	10,973	7,869	10,972	7,866
Loss/(gain) on disposal of property, plant and equipment	55	(27)	55	(27)
Property, plant and equipment written off	-	31,595	-	31,595
Amortisation of premium less accretion of discount	1,628	3,002	1,628	3,002
Net gain from sale of financial held-to-maturity	(13,493)	-	(13,493)	-
Net gain from sale of financial investment available-for-sale	(4,642)	(19,408)	(4,642)	(19,408)
Net gain from sale of financial investment held-for-trading	(347)	(306)	(347)	(306)
Net (gain)/loss on revaluation of foreign exchange transaction	(8,478)	3,089	(8,478)	3,089
Net loss/(gain) from foreign exchange derivatives	206	(10,446)	206	(10,446)
Net gain from fair value through profit and loss	-	-	-	-
Unrealised loss on revaluation of islamic profit rate swap	1,087	1,843	1,087	1,843
Impairment writeback on investments	6,779	(18,693)	6,779	(18,693)
(Writeback of)/allowance for impairment on financing	(6,559)	50,910	(6,559)	50,910
Financing written off	483	774	483	774
Share of profit of associates	21	-	-	-
Finance cost	10,522	12,970	10,300	12,931
Gross dividend income	(1,934)	(2,955)	(1,934)	(2,955)
Operating profit before working capital changes	116,471	108,758	115,358	108,825

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012 (14 ZULKAEDAH 1433)

	Group		Bank	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
(Increase)/decrease in operating assets:				
Financial investment portfolio	(15,906)	(17,539)	(15,906)	(17,539)
Islamic derivative financial assets	746	(4,904)	746	(4,904)
Financing of customers	(682,112)	(614,207)	(682,153)	(613,436)
Statutory deposits with Bank Negara Malaysia	(47,000)	(306,100)	(47,000)	(306,100)
Other assets	18,487	(22,465)	20,721	(23,709)
Increase/(decrease) in operating liabilities:				
Deposits from customers	(2,140,627)	(3,063,501)	(2,141,730)	(3,063,309)
Deposits and placements of banks and other financial institutions	(2,772)	7,516	(2,772)	7,516
Islamic derivative financial liabilities	(747)	4,905	(747)	4,905
Bills and acceptances payable	(107,147)	14,285	(107,147)	14,285
Other liabilities	(34,811)	(63,067)	(34,820)	(62,908)
Cash used in operations	(2,895,420)	(3,956,320)	(2,895,450)	(3,956,375)
Zakat paid	(3,087)	(5,228)	(3,087)	(5,228)
Tax paid	(25,398)	(8,217)	(25,374)	(8,200)
Net cash used in operating activities	(2,923,905)	(3,969,764)	(2,923,911)	(3,969,803)
Cash flows from investing activities				
Proceeds from disposal of financial investment securities	2,801,522	2,515,427	2,801,522	2,515,427
Purchase of financial investment securities	(2,393,758)	(2,344,890)	(2,393,758)	(2,344,890)
Proceeds from disposal of property, plant and equipment	-	60	-	60
Purchase of property, plant and equipment	(12,929)	(13,854)	(12,923)	(13,854)
Acquisition of investment in associates	(1,000)	-	(1,000)	-
Dividend income	1,934	2,955	1,934	2,955
Net cash generated from investing activities	395,769	159,699	395,776	159,699

**Bank Muamalat Malaysia Berhad
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**STATEMENTS OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012 (14 ZULKAEDAH 1433)**

	Group		Bank	
	30 September RM'000 2012	30 September RM'000 2011	30 September RM'000 2012	30 September RM'000 2011
Cash flows from financing activities				
Dividend paid on subordinated sukuk	(10,244)	(12,970)	(10,244)	(12,931)
Redemption of subordinated bonds	-	(250,000)	-	(250,000)
Additional issuance of subordinated sukuk	-	400,000	-	400,000
Net cash (used in)/generated from financing activities	(10,244)	137,030	(10,244)	137,069
Net decrease in cash and cash equivalents	(2,538,380)	(3,673,035)	(2,538,380)	(3,673,035)
Cash and cash equivalents at beginning of the period	4,501,556	6,447,295	4,501,556	6,447,295
Cash and cash equivalents at end of the period	1,963,176	2,774,260	1,963,176	2,774,260
Cash and cash equivalents consist of:				
Cash and short term funds	1,822,462	2,541,917	1,822,462	2,541,917
Cash and placements with financial institutions	140,714	232,343	140,714	232,343
	1,963,176	2,774,260	1,963,176	2,774,260

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2012.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2012

1. Basis Of Preparation

These condensed consolidated interim financial statements, for the period ended 30 September 2012 have been prepared in accordance with MRFS 134 Interim Financial Reporting. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 March 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 March 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied except for the application of optional exemptions made available under MFRS 1.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 March 2012.

In preparing its opening MFRS Statement of Financial Position as at 1 April 2011 (which is also the date of transition), the Group and the Bank have adjusted the amounts previously reported in the financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position and financial performance is set out in Note 26. These notes include reconciliation of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

The adoption of the above accounting standards, amendments to published accounting standards and interpretations to existing accounting standards does not give rise to any material financial effects to the Bank, except for the full adoption of MFRS 139.

Previously, the Bank applied the full requirements of MFRS139 except for the calculation of collective impairment allowance required by BNM via its transitional arrangement. This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans /Financing issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010, whereby banking institutions are required to maintain collective impairment allowances of at least 1.5% of total outstanding financing and advances, net of individual impairment allowances.

BANK MUAMALAT MALAYSIA BERHAD
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1. Basis Of Preparation (cont'd)

Effective from 1 January 2012, BNM has removed the transitional arrangement for banking institution to fully comply with the requirements of MFRS 139. Exposures not individually considered to be impaired are placed into pools of similar assets with similar risk characteristics to be collectively assessed for losses that have been incurred but not yet identified. The required financing loss allowance is estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience described by Probability of Default (PD) and Loss Given Default (LGD) published by peers were mapped to the Bank's portfolio with reference to equivalent external mapping defined by the Bank and peers.

The change in accounting policies mentioned above have been accounted for retrospectively by re-measuring the relevant financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to the Bank's opening retained profits. As such, comparatives have been restated to conform with current year's presentation. The principal effects of the changes in accounting policies arising from the adoption of MFRS 139 are disclosed in Note 26. These notes include reconciliation of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under full MFRS 139.

2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2012 was not qualified.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

3. Performance Review & Outlook

PERFORMANCE REVIEW

The Group posted an unaudited profit before zakat and taxation of RM120.2 million for the half year period ended 30 September 2012, an increase of more than 100% from the previous corresponding period in 2011. The Group's stronger financial performance mainly contributed by higher income derived from investment of depositors' and shareholders' funds and marked reduction in financing loss allowance. This however has been offset by higher income attributable to depositors and higher personnel expenses.

Total assets of the Group stood at RM18.2 billion, a decline from RM 20.4 billion registered in March 2012. The decline was partly contributed by a significant decrease in cash and short term funds by 58%, offset by positive growth in net financing assets which has increased by 8% to RM 9.7 billion from RM 9.0 billion as at 31 March 2012.

OUTLOOK

Challenging business environment does not stop the Bank from continuously striving to improve its competitive position. New initiatives were introduced and will be regularly monitored to improve service delivery, increase operational efficiency and increase business coverage with the aim of delivering pre-eminent services to the customers. As competition remains intense, the Bank will continue to focus in growing its CASA base and expand its fee businesses, whilst at the same time continue to explore opportunities to diversify its revenue stream beyond normal banking services.

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4. Financial Investments

	Group and Bank		
	30 September	31 March	1 April
	2012	2012	2011
	RM'000	RM'000	RM'000
(a) Financial investments designated at fair value through profit and loss			
Unquoted securities outside Malaysia:			
Private equity funds	94,653	45,972	-
(b) Held-to-maturity			
At amortised cost			
Unquoted Islamic private debt securities in Malaysia	40,227	30,008	30,071
Unquoted shares in Malaysia	575	575	575
	40,802	30,583	30,646
Accumulated impairment loss	-	(2,061)	(2,061)
Total held-to-maturity securities	40,802	28,522	28,585

(i) The indicative fair value of unquoted held-to-maturity securities are as follows:

	Group and Bank		
	30 September	31 March	1 April
	2012	2012	2011
	RM'000	RM'000	RM'000
Unquoted Islamic private debt securities in Malaysia	40,227	27,947	28,010
Unquoted shares in Malaysia	575	575	575
	40,802	28,522	28,585

(ii) The reconciliation of movement of the unquoted held-to-maturity securities are as follows:

	Group and Bank		
	30 September	31 March	1 April
	2012	2012	2011
	RM'000	RM'000	RM'000
At beginning/end of period, as previously stated	74,494	74,494	28,585
Effect of reclassification of investment held-to-maturity to investment designated at fair value through profit and loss	(45,972)	(45,972)	-
At beginning / end of period, restated	28,522	28,522	28,585

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4. Financial Investments (cont'd)

(c) Available-for-sale

At fair value less impairment losses for certain financial investments:

	30 September 2012 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Government securities and treasury bills:			
Malaysian government investment certificates	3,461,070	3,737,482	1,972,826
Money market instruments:			
Negotiable Islamic debt certificates	-	55,570	-
Quoted securities in Malaysia:			
Quoted shares	43,401	48,023	24,994
Unit trust	-	-	9,910
	43,401	48,023	34,904
Unquoted securities:			
Islamic private debt securities in Malaysia	2,070,474	2,092,914	2,153,416
Cagamas bonds	91,159	116,266	136,245
Foreign Islamic private debt securities and sukuk	47,247	84,332	58,691
Shares in Malaysia	9,431	9,431	14,905
	2,218,311	2,302,943	2,363,257
Total available-for-sale securities	5,722,782	6,144,018	4,370,987

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4. Financial Investments (cont'd)

(c) Available-for-sale (cont'd)

At fair value less impairment losses for certain financial investments:

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Government securities and treasury bills:			
Malaysian government investment certificates	3,461,070	3,737,482	1,972,826
Money market instruments:			
Negotiable Islamic debt certificates	-	55,570	-
Quoted securities in Malaysia:			
Quoted shares	43,401	48,023	24,994
Unit trust	-	-	9,910
	43,401	48,023	34,904
Unquoted securities:			
Islamic private debt securities in Malaysia	2,070,474	2,092,914	2,153,416
Cagamas bonds	91,159	116,266	136,245
Foreign Islamic private debt securities and sukuk	47,247	84,332	58,691
Shares in Malaysia	4,631	4,631	4,105
	2,213,511	2,298,143	2,352,457
Total available-for-sale securities	5,717,982	6,139,218	4,360,187

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5. Islamic derivative financial instruments

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period end and are indicative of neither the market risk nor the credit risk.

	30 September 2012			Group and Bank 31 March 2012			1 April 2011		
	Contract/ notional amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives:									
Foreign exchange contracts									
- Currency forwards									
Less than one year	183,491	1,390	(275)	110,486	1,983	(272)	52,994	770	(302)
- Currency swaps									
Less than one year	218,877	1,242	(178)	569,975	2,082	(1,383)	256,702	1,384	(558)
- Currency spot									
Less than one year	633,045	566	(542)	189,753	85	(86)	1,487,300	3,023	(2,968)
	1,035,413	3,198	(995)	870,214	4,150	(1,741)	1,796,996	5,177	(3,828)
Hedging derivatives:									
Islamic profit rate swap (IPRS)									
More than one year	75,000	-	(6,141)	75,000	-	(3,889)	75,000	-	(158)
Total	1,110,413	3,198	(7,136)	945,214	4,150	(5,630)	1,871,996	5,177	(3,986)

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5. Islamic derivative financial instruments (cont'd)

Included within hedging derivatives is a derivative where the Group and the Bank apply hedge accounting. The principal amount and fair value of derivative where hedge accounting is applied by the Group and Bank are as follows:

	30 September 2012			31 March 2012			1 April 2011		
	Contract/ notional amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
	Islamic profit rate swap (IPRS)	75,000		(2,253)	75,000	-	(1,865)	75,000	-

Fair Value hedges

Fair value hedges are used by the Group and the Bank to protect them against changes in the fair value of financial assets due to movements in profit rates. The financial instruments hedged for profit rate risk include the Group's and the Bank's financing of customers.

For the six months period ended 30 September 2012, the Group and the Bank recognised a net loss of RM2,252,554 (September 2011: RM3,007,829) on the hedging instrument. The total net gain on the hedged item attributable to the hedged risk amounted to RM1,165,907 (September 2011: RM2,834,740).

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6. Financing Of Customers

(a) By type

	Group		
	30 September 2012 RM'000	31 March 2012 RM'000 (restated)	1 April 2011 RM'000 (restated)
Cash line	202,238	181,842	367,763
Term financing:			
Home financing	7,527,661	6,469,716	4,828,099
Syndicated financing	154,644	86,143	143,617
Hire purchase receivables	1,172,266	1,165,170	1,397,081
Leasing receivables	169,289	176,859	191,584
Other term financing	7,348,917	6,688,931	4,294,681
Trust receipts	116,785	116,428	147,916
Claims on customers under acceptance credits	670,894	722,131	779,186
Staff financing	119,897	111,101	94,761
Revolving credit	480,973	491,233	356,088
	17,963,564	16,209,554	12,600,776
Less : Unearned income	(7,798,216)	(6,715,082)	(4,753,075)
	10,165,348	9,494,472	7,847,701
Less : Financing sold to Cagamas	(63,217)	(64,910)	(364,308)
Gross financing	10,102,131	9,429,562	7,483,393
Less : Allowance for impaired financing			
Collective assessment	(256,779)	(268,297)	(244,228)
Individual assessment	(156,638)	(161,904)	(108,531)
Total net financing	9,688,714	8,999,361	7,130,634

	Bank		
	30 September 2012 RM'000	31 March 2012 RM'000 (restated)	1 April 2011 RM'000 (restated)
Cash line	202,238	181,842	367,763
Term financing:			
Home financing	7,527,661	6,469,716	4,828,099
Syndicated financing	154,644	86,143	143,617
Hire purchase receivables	1,172,266	1,165,170	1,397,081
Leasing receivables	169,289	176,859	191,584
Other term financing	7,367,281	6,707,253	4,312,555
Trust receipts	116,785	116,428	147,916
Claims on customers under acceptance credits	670,894	722,131	779,186
Staff financing	119,897	111,101	94,761
Revolving credit	480,973	491,233	356,088
	17,981,928	16,227,876	12,618,650
Less : Unearned income	(7,798,216)	(6,715,082)	(4,753,075)
	10,183,712	9,512,794	7,865,575
Less : Financing sold to Cagamas	(63,217)	(64,910)	(364,308)
Gross financing	10,120,495	9,447,884	7,501,267
Less : Allowance for impaired financing			
Collective assessment	(256,779)	(268,297)	(244,228)
Individual assessment	(162,638)	(167,904)	(108,531)
Total net financing	9,701,078	9,011,683	7,148,508

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6. Financing Of Customers (cont'd)

(b) By contract

	Group		
	30 September	31 March	1 April
	2012	2012	2011
	RM'000	RM'000	RM'000
Bai' Bithaman Ajil (deferred payment sale)	4,255,611	3,947,411	2,465,728
Ijarah (lease)	116,290	287,697	260,690
Ijarah Thumma Al-Bai (lease ended with purchase)	1,021,767	1,024,090	1,207,059
Inah (sale and buyback)	279,935	263,365	449,754
Tawarruq (commodity murabahah)	2,514,200	1,979,340	1,301,019
Bai' Al-Dayn (purchase of debt)	680,755	732,250	805,213
Murabahah (cost-plus)	810,529	714,268	652,739
Istisna' (sale order)	354,755	453,524	301,566
Qard (benevolent loan)	68,023	27,309	16,344
Shirkah Mutanaqisah (diminishing partnership)/ Musharakah (profit sharing)	266	308	23,281
	10,102,131	9,429,562	7,483,393

	Bank		
	30 September	31 March	1 April
	2012	2012	2011
	RM'000	RM'000	RM'000
Bai' Bithaman Ajil (deferred payment sale)	4,255,611	3,947,411	2,465,728
Ijarah (lease)	116,290	287,697	260,690
Ijarah Thumma Al-Bai (lease ended with purchase)	1,021,767	1,024,090	1,207,059
Inah (sale and buyback)	279,935	263,365	449,754
Tawarruq (commodity murabahah)	2,514,200	1,979,340	1,301,019
Bai' Al-Dayn (purchase of debt)	680,755	732,250	805,213
Murabahah (cost-plus)	810,529	714,268	652,739
Istisna' (sale order)	354,755	453,524	301,566
Qard (benevolent loan)	68,023	27,309	16,344
Shirkah Mutanaqisah (diminishing partnership)/ Musharakah (profit sharing)	18,630	18,630	41,155
	10,120,495	9,447,884	7,501,267

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6. Financing Of Customers (cont'd)

(c) By type of customer

	30 September 2012 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Domestic non-banking institutions	427,777	445,254	37,042
Domestic business enterprises:			
-Small business enterprises	385,944	420,518	728,478
-Others	2,475,558	2,648,898	2,336,206
Government and statutory bodies	607,006	602,147	135,190
Individuals	6,187,558	5,292,442	4,224,569
Other domestic entities	4,023	5,340	5,520
Foreign entities	14,265	14,963	16,388
	10,102,131	9,429,562	7,483,393

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Domestic non-banking institutions	427,777	445,254	37,042
Domestic business enterprises:			
-Small business enterprises	385,944	420,518	728,478
-Others	2,480,358	2,653,772	2,347,158
Government and statutory bodies	620,570	615,595	142,112
Individuals	6,187,558	5,292,442	4,224,569
Other domestic entities	4,023	5,340	5,520
Foreign entities	14,265	14,963	16,388
	10,120,495	9,447,884	7,501,267

(d) By profit rate sensitivity

	30 September 2012 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Fixed rate:			
Home financing	750,953	717,689	485,065
Hire purchase receivables	1,021,562	1,017,029	1,201,348
Others	4,594,884	4,279,145	2,764,311
Variable rate:			
Home financing	1,767,529	1,536,955	1,114,763
Others	1,967,203	1,878,744	1,917,906
	10,102,131	9,429,562	7,483,393

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6. Financing Of Customers (cont'd)

(d) By profit rate sensitivity (cont'd)

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Fixed rate:			
Home financing	750,953	717,689	485,065
Hire purchase receivables	1,021,562	1,017,029	1,201,348
Others	4,599,684	4,284,019	2,769,263
Variable rate:			
Home financing	1,767,529	1,536,955	1,114,763
Others	1,980,767	1,892,192	1,930,828
	10,120,495	9,447,884	7,501,267

(e) By residual contractual maturity

	30 September 2012 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Maturity within one year	1,847,506	2,081,549	2,470,365
Maturity within one to five years	2,294,673	3,399,490	2,866,870
Maturity more than five years	5,959,952	3,948,523	2,146,158
	10,102,131	9,429,562	7,483,393

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Maturity within one year	1,847,506	2,081,549	2,470,365
Maturity within one to five years	2,294,673	3,399,490	2,866,870
Maturity more than five years	5,978,316	3,966,845	2,164,032
	10,120,495	9,447,884	7,501,267

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6. Financing Of Customers (cont'd)

(f) By sector

	30 September 2012 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Agriculture	50,345	50,424	75,846
Mining & Quarrying	2,944	2,032	4,049
Manufacturing	650,705	571,540	670,143
Electricity, gas and water	140,245	129,063	144,710
Construction	582,858	701,667	775,252
Purchase of landed property:			
Residential	2,654,020	2,324,901	1,649,817
Non-residential	193,475	232,143	255,494
Real estate	127,940	126,348	16,937
Wholesale' retail and restaurant	625,483	649,352	601,139
Transport, storage and communication	306,792	309,664	155,913
Finance, takaful and business services	493,762	529,448	154,028
Purchase of securities	105	119	86
Purchase of transport vehicles	1,028,422	1,024,737	1,207,546
Consumption credit	2,560,901	1,932,640	1,316,730
Community, social and personal services	63,564	229,889	384,158
Government and statutory bodies	620,570	615,595	71,545
	10,102,131	9,429,562	7,483,393

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Agriculture	50,345	50,424	75,846
Mining & Quarrying	2,944	2,032	4,049
Manufacturing	655,505	576,414	675,095
Electricity, gas and water	140,245	129,063	144,710
Construction	582,858	701,667	781,252
Purchase of landed property:			
Residential	2,654,020	2,324,901	1,649,817
Non-residential	193,475	232,143	255,494
Real estate	127,940	126,348	16,937
Wholesale' retail and restaurant	625,483	649,352	601,139
Transport, storage and communication	306,792	309,664	155,913
Finance, takaful and business services	493,762	529,448	154,028
Purchase of securities	105	119	86
Purchase of transport vehicles	1,028,422	1,024,737	1,207,546
Consumption credit	2,560,901	1,932,640	1,316,730
Community, social and personal services	77,128	243,337	391,080
Government and statutory bodies	620,570	615,595	71,545
	10,120,495	9,447,884	7,501,267

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6. Financing Of Customers (cont'd)

(g) By geographical area

	Group		
	30 September 2012 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Domestic	10,068,906	9,385,810	7,388,918
Labuan Offshore	33,225	43,752	94,475
	10,102,131	9,429,562	7,483,393

	Bank		
	30 September 2012 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Domestic	10,087,270	9,404,132	7,406,792
Labuan Offshore	33,225	43,752	94,475
	10,120,495	9,447,884	7,501,267

Included in financing of customers is a corporate financing which is hedged by profit rate derivatives. The hedge achieved the criteria for hedge accounting and the financing are carried at fair value.

The maximum credit exposure of the financing of customers subject to hedge accounting amounts to RM73.3 million. The cumulative change in fair value of the financings attributable to changes in profit rate risks amounts to a profit of RM2,422,529 (6 months period ended 30 September 2011: RM2,834,740) and the change for the current period is a profit of RM1,165,907 (6 months period ended 30 September 2011: RM2,834,740). The changes in fair value of the designated financing attributable to changes in profit risk have been calculated by determining the changes in profit spread implicit in the fair value of bonds issued by entities with similar credit characteristics.

7. Impaired Financing

(a) Movements in the impaired financing

	Group		
	30 September 2012 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At beginning of period	446,344	378,343	591,988
Classified as impaired during the period	158,493	371,687	457,633
Reclassified as performing during the period	(73,263)	(174,373)	(265,609)
Recovered during the period	(96,558)	(115,245)	(142,588)
Written off during the period	(10,236)	(14,068)	(263,081)
At end of period	424,780	446,344	378,343
Ratio of gross impaired financing to total financing	4.2%	4.7%	4.8%

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7. Impaired Financing (cont'd)

(a) Movements in the impaired financing (cont'd)

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
At beginning of period	452,344	378,343	591,988
Classified as impaired during the period	158,493	377,687	457,633
Reclassified as performing during the period	(73,263)	(174,373)	(265,609)
Recovered during the period	(96,558)	(115,245)	(142,588)
Written off during the period	(10,236)	(14,068)	(263,081)
At end of period	430,780	452,344	378,343
Ratio of gross impaired financing to total financing	4.2%	4.8%	4.8%

(b) Movements in the allowance for impaired financing

	30 September 2012 RM'000	Group 31 March 2012 RM'000 (restated)	1 April 2011 RM'000 (restated)
<u>Collective assessment allowance</u>			
At beginning of period, as previously stated	229,175	226,702	223,218
- Effect of adopting MFRS 139	39,122	17,526	-
At beginning of period, as restated	268,297	244,228	223,218
Allowance made during the period	167,267	261,727	267,573
Amount written-back	(170,972)	(224,690)	(224,291)
Amount written-off	(7,813)	(12,968)	(22,272)
At end of period	256,779	268,297	244,228
As % of gross financing, less individual assessment allowance	2.6%	2.9%	3.3%

	30 September 2012 RM'000	Bank 31 March 2012 RM'000 (restated)	1 April 2011 RM'000 (restated)
<u>Collective assessment allowance</u>			
At beginning of period, as previously stated	229,175	226,702	223,218
- Effect of adopting MFRS 139	39,122	17,526	-
At beginning of period, as restated	268,297	244,228	223,218
Allowance made during the period	167,267	261,727	267,573
Amount written-back	(170,972)	(224,690)	(224,291)
Amount written-off	(7,813)	(12,968)	(22,272)
At end of period	256,779	268,297	244,228
As % of gross financing, less individual assessment allowance	2.6%	2.9%	3.3%

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7. Impaired Financing (cont'd)

(b) Movements in the allowance for impaired financing (cont'd)

	30 September 2012 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
<u>Individual assessment allowance</u>			
At beginning of period	161,904	108,531	324,997
Allowance made during the period	14,701	64,029	89,776
Amount recovered	(17,555)	(10,656)	(70,129)
Amount written-off	(2,412)	-	(236,113)
At end of period	156,638	161,904	108,531

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
<u>Individual assessment allowance</u>			
At beginning of period	167,904	108,531	324,997
Allowance made during the period	14,701	70,029	89,776
Amount recovered	(17,555)	(10,656)	(70,129)
Amount written-off	(2,412)	-	(236,113)
At end of period	162,638	167,904	108,531

(c) Impaired financing by sector

	30 September 2012 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Manufacturing	35,401	40,874	24,660
Construction	139,065	175,116	71,810
Purchase of landed property:			
- Residential	93,538	100,192	159,345
- Non-residential	14,628	8,128	12,206
Real estate	-	9,342	-
Wholesale and retail and restaurant	41,059	32,082	33,360
Transport, storage and communication	1,003	80	45
Finance, takaful and business services	37,782	10,292	9,713
Purchase of securities	34	50	84
Purchase of transport vehicles	32,940	36,543	34,933
Consumption credit	26,646	30,555	23,928
Community, social and personal service	2,684	3,090	8,259
	424,780	446,344	378,343

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7. Impaired Financing (cont'd)

(c) Impaired financing by sector (cont'd)

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Manufacturing	35,401	40,874	24,660
Construction	139,065	175,116	71,810
Purchase of landed property:			
- Residential	93,538	100,192	159,345
- Non-residential	14,628	8,128	12,206
Real estate	-	9,342	-
Wholesale and retail and restaurant	41,059	32,082	33,360
Transport, storage and communication	1,003	80	45
Finance, takaful and business services	43,782	16,292	9,713
Purchase of securities	34	50	84
Purchase of transport vehicles	32,940	36,543	34,933
Consumption credit	26,646	30,555	23,928
Community, social and personal service	2,684	3,090	8,259
	430,780	452,344	378,343

(d) Impaired financing by geographical area

	30 September 2012 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Domestic	391,556	439,870	372,045
Labuan Offshore	33,224	6,474	6,298
	424,780	446,344	378,343

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Domestic	397,556	445,870	372,045
Labuan Offshore	33,224	6,474	6,298
	430,780	452,344	378,343

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8. Investment in associate companies

	30 September 2012 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Acquisition of a new associate	1,000	-	-
Share of loss of associates	(21)	-	-
	979	-	-

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Acquisition of a new associate	1,000	-	-

Details of the associates are as follows:-

Name	Principal activities	Paid up capital 30 September 2012	Percentage of equity held		
			30 September 2012 %	31 March 2012 %	1 April 2011 %
Pos Ar-Rahnu Sdn Bhd	Islamic Pawn broking	RM 5,000,000	20	-	-

9. Other Assets

	30 September 2012 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Deposits	5,893	5,388	4,606
Prepayments	4,250	2,823	2,428
Tax prepayment	4,023	265	15,726
Foreclosed properties	14,000	14,000	14,000
Other debtors	15,557	21,895	33,940
	43,723	44,371	70,700

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9. Other Assets (cont'd)

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Deposits	5,741	5,238	4,451
Prepayments	4,245	2,822	2,409
Tax prepayment	3,653	-	15,611
Amount due from subsidiaries	25	797	5,534
Foreclosed properties	14,000	14,000	14,000
Other debtors	6,846	14,537	21,640
	34,510	37,394	63,645

10. Deferred tax assets (net)

	Group and Bank		
	30 September 2012 RM'000	31 March 2012 RM'000 (restated)	1 April 2011 RM'000 (restated)
At 1 April, as previously stated	52,353	38,240	27,915
Effect of full adoption of MFRS 139	9,780	4,382	35,038
At 1 April, as restated	62,133	42,622	62,953
Recognised in income statement	(29,091)	11,352	(25,857)
Recognised in equity	(6,347)	8,159	5,526
As at 30 September	26,695	62,133	42,622

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group and Bank		
	30 September 2012 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Deferred tax assets	34,129	70,296	51,237
Deferred tax liabilities	(7,434)	(8,163)	(8,615)
	26,695	62,133	42,622

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10. Deferred tax assets

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group and the Bank:

	Allowance for impaired financing RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 April 2010	28,068	1,853	4,411	34,332
Effect of adoption of FRS 139	-	-	35,038	35,038
	28,068	1,853	39,449	69,370
Recognised in income statement	5,022	6,362	(35,043)	(23,659)
Recognised in equity	-	-	5,526	5,526
As at 31 March 2011	33,090	8,215	9,932	51,237
At 1 April 2011	28,708	8,215	9,932	46,855
Effect of full adoption of MFRS 139	4,382	-	-	4,382
	33,090	8,215	9,932	51,237
Recognised in income statement	6,346	4,099	455	10,900
Recognised in equity	-	-	8,159	8,159
As at 31 March 2012	39,436	12,314	18,546	70,296
At 1 April 2012	29,656	12,314	18,546	60,516
Effect of full adoption of MFRS 139	9,780	-	-	9,780
	39,436	12,314	18,546	70,296
Recognised in income statement	(29,656)	(47)	(117)	(29,820)
Recognised in equity	-	-	(6,347)	(6,347)
As at 30 September 2012	9,780	12,267	12,082	34,129

Deferred tax liabilities of the Group and the Bank:

	Property, plant and equipment RM'000	Total RM'000
At 1 April 2010	(6,417)	(6,417)
Recognised in income statement	(2,198)	(2,198)
At 31 March 2011	(8,615)	(8,615)
At 1 April 2011	(8,615)	(8,615)
Recognised in income statement	452	452
At 31 March 2012	(8,163)	(8,163)
At 1 April 2012	(8,163)	(8,163)
Recognised in income statement	729	729
At 30 September 2012	(7,434)	(7,434)

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11. Deposits From Customers

(a) By type of deposits

	30 September 2012 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Non-Mudharabah Fund			
Demand deposits	2,031,813	2,565,993	2,733,552
Savings deposits	484,702	469,668	474,723
Negotiable Islamic debt certificate	1,781,712	2,830,628	1,505,815
Others	214,225	536,112	17,582
	4,512,452	6,402,401	4,731,672
Mudharabah Fund			
Demand deposits	647,922	472,685	217,094
Savings deposits	469,972	355,220	222,945
General investment deposits	9,414,395	9,846,015	9,581,971
Special general investment deposits	965,719	1,074,766	1,462,491
	11,498,008	11,748,686	11,484,501
	16,010,460	18,151,087	16,216,173

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Non-Mudharabah Fund			
Demand deposits	2,038,370	2,573,653	2,740,169
Savings deposits	484,702	469,668	474,723
Negotiable Islamic debt certificate	1,781,712	2,830,628	1,505,815
Others	214,225	536,112	17,582
	4,519,009	6,410,061	4,738,289
Mudharabah Fund			
Demand deposits	647,922	472,685	217,094
Savings deposits	469,972	355,220	222,945
General investment deposits	9,414,395	9,846,015	9,581,971
Special general investment deposits	965,719	1,074,766	1,462,491
	11,498,008	11,748,686	11,484,501
	16,017,017	18,158,747	16,222,790

(b) By type of customer

	30 September 2012 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Government and statutory bodies	2,794,477	3,810,127	3,779,352
Business enterprises	6,986,709	7,195,021	6,648,290
Individuals	1,285,411	1,153,015	1,025,204
Others	4,943,863	5,992,924	4,763,327
	16,010,460	18,151,087	16,216,173

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11. Deposits From Customers (cont'd)

(b) By type of customer (cont'd)

	Bank		
	30 September 2012 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Government and statutory bodies	2,794,477	3,810,127	3,779,352
Business enterprises	6,986,709	7,195,021	6,648,290
Individuals	1,285,411	1,153,015	1,025,204
Others	4,950,420	6,000,584	4,769,944
	16,017,017	18,158,747	16,222,790

The maturity structure of negotiable instruments of deposit and mudharabah general and special investment deposit are as follows :

	Group and Bank		
	30 September 2012 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Due within six months	9,934,949	11,928,972	11,124,254
More than six months to one year	2,115,270	1,813,119	1,405,514
More than one year to three years	111,607	9,319	20,555
	12,161,826	13,751,410	12,550,323

12. Deposit And Placements Of Banks And Other Financial Institutions

	Group and Bank		
	30 September 2012 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Non Mudharabah			
Bank Negara Malaysia	9,124	11,896	14,993
	9,124	11,896	14,993

13. Other Liabilities

	Group		
	30 September 2012 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Sundry creditors	6,466	1,410	7,788
Provision for commitments and contingencies (Note (a))	40,273	40,273	40,273
Accruals	28,410	29,749	42,653
Others	23,372	61,612	73,684
	98,521	133,044	164,398

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13. Other Liabilities (cont'd)

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Sundry creditors	6,476	1,599	7,764
Provision for commitments and contingencies (Note (a))	40,273	40,273	40,273
Accruals	28,334	29,734	42,575
Others	23,371	61,612	73,810
	98,454	133,218	164,422

(a) The provision relates to bank guarantees issued by the Bank that have a high likelihood to result in claims from the beneficiaries.

14. Provision For Zakat And Taxation

	30 September 2012 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Zakat	2,983	3,087	5,228
Taxation	9	17,434	-
	2,992	20,521	5,228

	30 September 2012 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Zakat	2,983	3,087	5,228
Taxation	-	17,424	-
	2,983	20,511	5,228

15. Subordinated Sukuk

On 15 June 2011, the Bank issued its Tier 2 Capital Islamic Subordinated Sukuk of RM400 million ("Subordinated Sukuk"). The Subordinated Sukuk carries a tenure of 10 years from the issue date on a 10 non-callable 5 basis. The Subordinated Sukuk, which is based on the Islamic principle of Musyarakah, is rated A3 by RAM Ratings Services Berhad. The rating outlook is stable. The Subordinated Sukuk was lead arranged by BMMB and Maybank Investment Bank Berhad and the issuance was done on private placement basis at a profit rate of 5.15 percent. The RM400 million Subordinated Sukuk will qualify as Tier 2 capital for BMMB for the purpose of Bank Negara Malaysia capital adequacy requirement.

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16. Income Derived From Investment Of Depositors' Funds And Others

Group and Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(a) General investment deposits	152,592	102,706	296,535	242,427
(b) Other deposits	66,208	102,749	161,246	175,689
	218,800	205,455	457,781	418,116

(a) Income derived from investment of general investment deposits

	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Income from financing	106,638	66,462	195,960	148,945
Financial investments held-for-maturity	149	33	175	76
Financial investments available-for-sale	35,618	19,621	67,285	46,177
Money at call and deposit with financial institutions	8,254	11,904	17,142	33,033
	150,660	98,020	280,562	228,231
Amortisation of premium less accretion of discounts	(849)	(740)	(1,177)	(2,207)
Total finance income and hibah	149,811	97,280	279,385	226,024
Other operating income				
Net gain/ (loss) from sale of:				
- financial investments held-for-trading	133	126	224	178
- financial investments available-for-sale	(1,364)	2,296	233	10,219
- financial investments held-to-maturity	622	-	8,741	-
- loss from disposal of financing	(1,992)	-	(1,992)	-
	(2,601)	2,422	7,206	10,397
Fees and commission				
Guarantee fees	506	490	1,353	856
Processing fees	674	219	890	362
Service charges and fees	1,704	1,284	3,078	2,528
Commission	2,499	1,011	4,623	2,260
	5,383	3,004	9,944	6,006
Total	152,592	102,706	296,535	242,427
Of which :				
Financing income earned on impaired financing	797	(83)	1,313	563

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16. Income Derived From Investment Of Depositors' Funds And Others (cont'd)

(b) Income derived from investment of other deposits

	3 months ended		6 months ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Finance income and hibah				
Income from financing	47,580	64,881	106,556	107,941
Financial investments held-for-maturity	78	32	95	55
Financial investments available-for-sale	15,679	19,602	36,587	33,465
Money at call and deposit with financial institutions	3,452	12,909	9,321	23,939
	<u>66,789</u>	<u>97,424</u>	<u>152,559</u>	<u>165,400</u>
Amortisation of premium less accretion of discounts	(423)	(833)	(640)	(1,599)
Total finance income and hibah	<u>66,366</u>	<u>96,591</u>	<u>151,919</u>	<u>163,801</u>
Other operating income				
Net gain/ (loss) from sale of:				
- financial investments held-for-trading	62	102	122	129
- financial investments available-for-sale	(927)	3,270	127	7,406
- financial investments held-to-maturity	(607)	-	4,753	-
- loss from disposal of financing	(1,083)	-	(1,083)	-
	<u>(2,555)</u>	<u>3,372</u>	<u>3,919</u>	<u>7,535</u>
Fees and commission				
Guarantee fees	177	430	736	621
Processing fees	341	187	484	262
Service charges and fees	767	1,183	1,674	1,832
Commission	1,112	986	2,514	1,638
	<u>2,397</u>	<u>2,786</u>	<u>5,408</u>	<u>4,353</u>
Total	<u>66,208</u>	<u>102,749</u>	<u>161,246</u>	<u>175,689</u>
Of which :				
Financing income earned on impaired financing	373	71	714	408

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17. Income Derived From Investment Of Shareholders' Funds

Group	3 months ended		6 months ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Finance income and hibah				
Financial investments available-for-sale	6,998	5,317	15,720	11,260
	6,998	5,317	15,720	11,260
Amortisation of premium less accretion of discounts	234	3	189	804
Total finance income and hibah	7,232	5,320	15,909	12,064
Other operating income				
Net gain/ (loss) from foreign exchange transaction	3,851	(8,380)	8,478	(2,949)
Net gain/ (loss) on revaluation from foreign exchange derivatives	14	12,455	(206)	10,306
Net gain from sale of financial investment available-for-sale	3,372	3,666	4,282	1,783
Net dividend paid for Islamic profit rate swap	(265)	(244)	(518)	(579)
Unrealised gain/ (loss) on revaluation of Islamic profit rate swap	158	23	(1,087)	(1,843)
Gross dividend income	-	-	1,934	2,955
	7,130	7,520	12,883	9,673
Fees and commission				
Processing fees	1,014	378	1,154	798
Corporate advisory fees	2,355	1,147	2,879	1,407
Service charges and fees	315	176	738	423
Commission	498	253	1,560	418
Others	24	13	41	586
	4,206	1,967	6,372	3,632
Other income				
Rental income	182	76	330	152
Gain/ (loss) on sale of property, plant and equipment	-	27	(55)	27
	182	103	275	179
Total	18,750	14,910	35,439	25,548

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17. Income Derived From Investment Of Shareholders' Funds (cont'd)

Bank	3 months ended		6 months ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Finance income and hibah				
Financial investments available-for-sale	6,998	5,317	15,720	11,260
	6,998	5,317	15,720	11,260
Amortisation of premium less accretion of discounts	234	3	189	804
Total finance income and hibah	7,232	5,320	15,909	12,064
Other operating income				
Net gain/ (loss) from foreign exchange transaction	3,851	(8,380)	8,478	(2,949)
Net gain/ (loss) on revaluation from exchange derivatives	14	12,455	(206)	10,306
Net gain from sale of financial investment available-for-sale	3,372	3,666	4,282	1,783
Net dividend paid for Islamic profit rate swap	(265)	(244)	(518)	(579)
Unrealised gain/ (loss) on revaluation of Islamic profit rate swap	158	23	(1,087)	(1,843)
Gross dividend income	-	-	1,934	2,955
	7,130	7,520	12,883	9,673
Fees and commission				
Processing fees	1,014	378	1,154	798
Corporate advisory fees	2,356	1,147	2,898	1,403
Service charges and fees	130	121	255	246
Commission	498	253	1,560	418
Others	24	13	41	586
	4,022	1,912	5,908	3,451
Other income				
Rental income	182	76	330	152
Gain/ (loss) on sale of property, plant and equipment	(0)	27	(55)	27
	182	102	275	178
Total	18,566	14,854	34,975	25,366

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18. Allowance For Impairment On Financing

Group	3 months ended		6 months ended	
	30 September 2012 RM'000	30 September 2011 RM'000 (restated)	30 September 2012 RM'000	30 September 2011 RM'000 (restated)
Allowance for impaired financing				
(a) Individual assessment allowance				
Made during the period	9,738	18,254	14,701	44,379
Written back during the period	(4,699)	(10,974)	(17,555)	(13,232)
	<u>5,039</u>	<u>7,280</u>	<u>(2,854)</u>	<u>31,147</u>
(b) Collective assessment allowance				
Made during the period	106,018	76,060	167,267	143,186
Written back during the period	(121,859)	(48,675)	(170,972)	(123,424)
	<u>(15,841)</u>	<u>27,385</u>	<u>(3,705)</u>	<u>19,762</u>
Bad debts on financing:				
Written off	68	99	483	774
Recovered	(4,290)	(6,165)	(8,602)	(15,186)
	<u>(15,024)</u>	<u>28,599</u>	<u>(14,678)</u>	<u>36,497</u>

Bank	3 months ended		6 months ended	
	30 September 2012 RM'000	30 September 2011 RM'000 (restated)	30 September 2012 RM'000	30 September 2011 RM'000 (restated)
Allowance for impaired financing				
(a) Individual assessment allowance				
Made during the period	9,738	18,254	14,701	44,379
Written back during the period	(4,699)	(10,974)	(17,555)	(13,232)
	<u>5,039</u>	<u>7,280</u>	<u>(2,854)</u>	<u>31,147</u>
(b) Collective assessment allowance				
Made during the period	106,018	76,060	167,267	143,186
Written back during the period	(121,859)	(48,675)	(170,972)	(123,424)
	<u>(15,841)</u>	<u>27,385</u>	<u>(3,705)</u>	<u>19,762</u>
Bad debts on financing:				
Written off	68	99	483	774
Recovered	(4,290)	(6,165)	(8,602)	(15,186)
	<u>(15,024)</u>	<u>28,599</u>	<u>(14,678)</u>	<u>36,497</u>

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19. Impairment write back on investments

Group	3 months ended		6 months ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Impairment loss/(writeback) on corporate bonds included under available-for-sale financial investments	9,588	(19,150)	8,840	(18,693)
Impairment writeback on corporate bonds included under held-to-maturity financial investments	(2,061)	-	(2,061)	-
	7,527	(19,150)	6,779	(18,693)

Bank	3 months ended		6 months ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Impairment loss/(writeback) on corporate bonds included under available-for-sale financial investments	9,588	(19,150)	8,840	(18,693)
Impairment writeback on corporate bonds included under held-to-maturity financial investments	(2,061)	-	(2,061)	-
	7,527	(19,150)	6,779	(18,693)

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20. Income Attributable To Depositors

Group	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	78,841	70,226	155,716	143,520
Non-Mudharabah funds	21,035	11,909	43,229	25,352
Deposits and placements of banks and other financial institutions:				
Mudharabah funds	15	1	52	2
Non-Mudharabah funds	2,113	862	3,655	1,954
	102,004	82,998	202,652	170,828

Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	78,884	70,264	155,801	143,595
Non-Mudharabah funds	21,035	11,910	43,229	25,353
Deposits and placements of banks and other financial institutions:				
Mudharabah funds	15	1	52	2
Non-Mudharabah funds	2,113	862	3,655	1,954
	102,047	83,037	202,737	170,904

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21. Zakat

Group and Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	1,445	651	2,983	1,677

22. Taxation

Group	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000 (restated)	RM'000	RM'000 (restated)
Current income tax	15,729	11,972	32,882	22,800
Over provision in prior year	(28,554)	(22,602)	(28,554)	(22,602)
	<u>(12,825)</u>	<u>(10,630)</u>	<u>4,328</u>	<u>198</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	1,003	(3,314)	(565)	(2,301)
Over provision in prior years	29,656	24,170	29,656	24,170
	<u>30,659</u>	<u>20,856</u>	<u>29,091</u>	<u>21,869</u>
	<u>17,834</u>	<u>10,226</u>	<u>33,419</u>	<u>22,067</u>

Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000 (restated)	RM'000	RM'000 (restated)
Current income tax	15,699	11,948	32,836	22,766
Over provision in prior year	(28,540)	(22,602)	(28,540)	(22,602)
	<u>(12,841)</u>	<u>(10,654)</u>	<u>4,296</u>	<u>164</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	1,003	(3,314)	(565)	(2,301)
Over provision in prior years	29,656	24,170	29,656	24,170
	<u>30,659</u>	<u>20,856</u>	<u>29,091</u>	<u>21,869</u>
	<u>17,818</u>	<u>10,202</u>	<u>33,387</u>	<u>22,033</u>

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22. Taxation (cont'd)

Income tax expense is recognised in each interim period based on the best estimate of the annual income tax rate expected for the full financial year. The effective tax rate for the current interim period was higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

Domestic current income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

23. Credit Exposures Arising From Credit Transactions With Connected Parties

	Group and Bank	
	30 September	31 March
	2012	2012
	RM'000	RM'000
Outstanding credit exposures with connected parties (RM'000)	972,377	1,113,171
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	5.7%	6.7%

Credit transactions and exposures to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and financing commitments. It also includes holdings of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties above are all transacted on an arm's length basis and on terms and conditions no more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

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24. Commitments And Contingencies

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

Risk weighted exposures of the Bank as at 30 September 2012 are as follows:

	Group and Bank 30 September 2012		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
The commitments and contingencies constitute the following:			
Commitments and contingencies			
Direct credit substitutes	108	108	108
Trade-related contingencies	46,458	9,292	3,334
Transaction related contingencies	559,512	279,756	220,996
Obligations under an on-going underwriting agreement	37,000	18,500	3,700
Housing financing sold directly and indirectly to Cagamas with recourse	63,217	63,217	27,570
Credit extension commitment:			
Maturity within one year	459,607	91,932	82,803
Maturity exceeding one year	2,243,668	1,121,808	396,577
Bills of collection	25,543	-	-
Islamic derivative financial instruments			
Foreign exchange related contracts	1,035,413	2,610	2,436
Profit rate related contracts	75,000	6,000	1,200
	4,545,526	1,593,223	738,724

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24. Commitments And Contingencies (cont'd)

Group and Bank
31 March 2012

	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
The commitments and contingencies constitute the following:			
Commitments and contingencies			
Direct credit substitutes	1,208	1,208	1,208
Trade-related contingencies	65,352	13,070	5,739
Transaction related contingencies	616,105	308,053	248,935
Obligations under an on-going underwriting agreement	41,000	20,500	4,100
Housing financing sold directly and indirectly to Cagamas with recourse	64,910	64,910	33,962
Credit extension commitment:			
Maturity within one year	349,478	69,896	65,135
Maturity exceeding one year	2,184,119	1,092,060	376,999
Bills of collection	19,883	-	-
Islamic derivative financial instruments			
Foreign exchange related contracts	870,214	5,001	3,783
Profit rate related contracts	75,000	6,000	1,200
	4,287,269	1,580,698	741,061

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24. Commitments And Contingencies (cont'd)

Group and Bank
1 April 2011

	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
The commitments and contingencies constitute the following:			
Commitments and contingencies			
Direct credit substitutes	11	11	11
Trade-related contingencies	45,914	9,183	9,025
Transaction related contingencies	871,491	435,745	371,611
Obligations under an on-going underwriting agreement	65,000	32,500	6,500
Housing financing sold directly and indirectly to Cagamas with recourse	364,308	364,308	174,040
Credit extension commitment:			
Maturity within one year	323,002	64,600	55,443
Maturity exceeding one year	2,242,093	1,121,047	391,538
Bills of collection	37,009	-	-
Islamic derivative financial instruments			
Foreign exchange related contracts	1,796,996	2,131	1,608
Profit rate related contracts	75,000	6,000	1,200
	5,820,824	2,035,525	1,010,976

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25. Capital Adequacy

(a) The capital adequacy ratio of the Group/Bank is as follows:

	Group			Bank		
	30 September 2012 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	30 September 2012 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Computation of Total Risk Weighted Assets ("RWA")						
Total credit RWA	9,213,232	8,854,238	7,948,103	9,197,660	8,840,877	7,934,560
Total market RWA	54,802	115,622	75,061	54,802	115,622	75,061
Total operational RWA	1,011,528	1,006,091	960,106	1,009,663	998,498	953,244
Total RWA	10,279,562	9,975,951	8,983,270	10,262,125	9,954,997	8,962,865
Computation of Capital Ratio						
<u>Tier-I capital</u>						
Paid-up ordinary share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Statutory reserve	315,385	315,385	272,893	313,788	313,788	271,603
Retained profits	141,248	170,589	128,097	141,949	171,290	129,105
Less: Deferred tax assets (net)	(62,133)	(52,353)	(38,240)	(62,133)	(52,353)	(38,240)
Total Tier-I Capital	1,394,500	1,433,621	1,362,750	1,393,604	1,432,725	1,362,468
<u>Tier-II capital</u>						
Subordinated sukuk	406,079	406,079	250,000	406,079	406,079	250,000
Collective assessment allowance*	132,888	128,332	114,833	132,888	128,332	114,833
Total Tier-II Capital	538,967	534,411	364,833	538,967	534,411	364,833
Less: Investment in subsidiary	-	-	-	(6,384)	(6,384)	(6,484)
Capital Base	1,933,467	1,968,032	1,727,583	1,926,187	1,960,752	1,720,817
Core Capital	1,394,500	1,433,621	1,362,750	1,393,604	1,432,725	1,362,468
Capital Base	1,933,467	1,968,032	1,727,583	1,926,187	1,960,752	1,720,817
Core Capital Ratio	13.6%	14.4%	15.2%	13.6%	14.4%	15.2%
Risk- Weighted capital ratio	18.8%	19.7%	19.2%	18.8%	19.7%	19.2%

The capital adequacy ratios of the bank is computed in accordance with the Bank Negara Malaysia's Capital Adequacy Framework for Islamic Bank (CAFIB-Basel II). The Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

* Excluded collective assessment allowance on impaired financing restricted from Tier II capital by BNM of the Group and the Bank of RM123.89 million.

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25. Capital Adequacy (Cont'd)

Credit risk disclosure by risk weights of the Group as at 30 September, are as follows :

	Group			
	30 September 2012 RM'000			31 March 2012 RM'000
	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
0%	7,188,815	-	9,387,217	-
20%	1,853,082	370,615	2,238,923	447,785
35%	958,695	335,543	829,206	290,222
50%	825,710	412,855	931,978	465,989
75%	3,298,216	2,473,662	3,332,019	2,499,014
100%	5,530,424	5,530,424	4,989,859	4,989,859
150%	60,088	90,132	107,580	161,369
Risk weighted assets for credit risk	19,715,030	9,213,232	21,816,782	8,854,238
Risk weighted assets for market risk		54,802		115,622
Risk weighted assets for operational risk		1,011,528		1,006,091
Total risk weighted assets		10,279,562		9,975,951

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25. Capital Adequacy (Cont'd)

Credit risk disclosure by risk weights of the Bank as at 30 September, are as follows :

	Bank			
	30 September 2012 RM'000			31 March 2012 RM'000
	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
0%	7,188,815	-	9,387,217	-
20%	1,853,082	370,615	2,238,923	447,785
35%	958,695	335,543	829,206	290,222
50%	825,710	412,855	931,978	465,989
75%	3,298,216	2,473,662	3,332,019	2,499,014
100%	5,514,821	5,514,821	4,976,498	4,976,498
150%	60,109	90,164	107,580	161,369
Risk weighted assets for credit risk	19,699,448	9,197,660	21,803,421	8,840,877
Risk weighted assets for market risk		54,802		115,622
Risk weighted assets for operational risk		1,009,663		998,498
Total risk weighted assets		10,262,125		9,954,997

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26. Changes in Accounting Policies due to full adoption of MFRS 139

- (a) The changes in accounting policies which resulted in retrospective application by the Group and the Bank are as follows:

	Group and Bank	
	30 September 2012 RM'000	31 March 2012 RM'000
Effect of adopting new policy on collective impairment allowance under FRS 139		
- Impairment assessment	(892)	(39,122)
- Deferred tax assets	223	9,780
	(669)	(29,342)

The following are effects arising from the above changes in accounting policies to the opening statements of financial position of the Group and the Bank respectively.

	As at 31 March 2012		
	As previously reported RM'000	Effect on full adoption of MFRS 139 RM'000	As restated RM'000
Statements of financial position			
Group			
Financing of customers	9,038,483	(39,122)	8,999,361
Deferred tax assets	52,353	9,780	62,133
Shareholder's equity	1,429,888	(29,342)	1,400,546
Bank			
Financing of customers	9,050,805	(39,122)	9,011,683
Deferred tax assets	52,353	9,780	62,133
Shareholder's equity	1,428,993	(29,342)	1,399,651

	As at 1 April 2011		
	As previously reported RM'000	Effect on full adoption of MFRS 139 RM'000	As restated RM'000
Statements of financial position			
Group			
Financing of customers	7,148,160	(17,526)	7,130,634
Deferred tax assets	38,240	4,382	42,622
Shareholder's equity	1,361,430	(13,144)	1,348,286
Bank			
Financing of customers	7,166,034	(17,526)	7,148,508
Deferred tax assets	38,240	4,382	42,622
Shareholder's equity	1,361,287	(13,144)	1,348,143

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26. Changes in Accounting Policies due to full adoption of MFRS 139 (cont'd)

(b) Estimates

The estimates at at 1 April 2011 and at 31 March 2012 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group and the Bank to present these amounts in accordance with MFRS reflect conditions at 1 April 2011, the date of transition to MFRS and as of 31 March 2012.

(c) Reconciliation of equity

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (cont'd)

	FRS as at 1 April 2011 RM'000	Adjustments RM'000	MFRS as at 1 April 2011 RM'000	FRS as at 30 Sep 2011 RM'000	Adjustments RM'000	MFRS as at 30 Sep 2011 RM'000	FRS as at 1 April 2012 RM'000	Adjustments RM'000	MFRS as at 1 April 2012 RM'000
Group									
ASSETS									
Cash and short-term funds	6,199,953	-	6,199,953	2,641,916	-	2,641,916	4,391,223	-	4,391,223
Cash and placements with financial institutions	251,012	-	251,012	132,344	-	132,344	110,333	-	110,333
Financial investments held-to-maturity	28,585	-	28,585	28,224	-	28,224	28,522	-	28,522
Financial investments available-for-sale	4,370,987	-	4,370,987	4,210,012	-	4,210,012	6,144,018	-	6,144,018
Islamic derivative financial assets	5,177	-	5,177	17,504	-	17,504	4,150	-	4,150
Financing of customers	7,148,160	(17,526)	7,130,634	7,728,835	(35,677)	7,693,158	9,038,483	(39,122)	8,999,361
Other assets	70,700	-	70,700	132,928	-	132,928	44,371	-	44,371
Statutory deposits with Bank Negara Malaysia	94,121	-	94,121	400,221	-	400,221	527,721	-	527,721
Deferred tax assets (net)	38,240	4,382	42,622	16,133	8,919	25,052	52,353	9,780	62,133
Investment in subsidiaries	-	-	-	-	-	-	-	-	-
Investment in associates	-	-	-	-	-	-	45,972	-	45,972
Property, plant and equipment	101,521	-	101,521	75,878	-	75,878	81,072	-	81,072
Prepaid land lease payment	255	-	255	252	-	252	251	-	251
	18,308,711	(13,144)	18,295,567	15,384,247	(26,758)	15,357,489	20,468,469	(29,342)	20,439,127

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26. Changes in Accounting Policies due to full adoption of MFRS 139 (cont'd)

(c) Reconciliation of equity (cont'd)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (cont'd)

	FRS as at 1 April 2011 RM'000	Adjustments RM'000	MFRS as at 1 April 2011 RM'000	FRS as at 30 Sep 2011 RM'000	Adjustments RM'000	MFRS as at 30 Sep 2011 RM'000	FRS as at 1 April 2012 RM'000	Adjustments RM'000	MFRS as at 1 April 2012 RM'000
Group									
LIABILITIES									
Deposits from customers	16,216,173	-	16,216,173	13,108,271	-	13,108,271	18,151,087	-	18,151,087
Deposits and placements of banks and other financial institutions	14,993	-	14,993	22,509	-	22,509	11,896	-	11,896
Islamic derivative financial liabilities	3,986	-	3,986	7,766	-	7,766	5,630	-	5,630
Bills and acceptances payable	291,375	-	291,375	305,660	-	305,660	310,324	-	310,324
Other liabilities	164,398	-	164,398	146,859	-	146,859	133,044	-	133,044
Provision for zakat and taxation	5,228	-	5,228	1,677	-	1,677	20,521	-	20,521
Subordinated sukuk	251,128	-	251,128	400,000	-	400,000	406,079	-	406,079
	16,947,281	-	16,947,281	13,992,742	-	13,992,742	19,038,581	-	19,038,581
SHAREHOLDERS' EQUITY									
Share capital	1,000,000	-	1,000,000	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Reserves	361,430	(13,144)	348,286	391,505	(26,758)	364,747	429,888	(29,342)	400,546
Total shareholders' equity	18,308,711	(13,144)	18,295,567	15,384,247	(26,758)	15,357,489	20,468,469	(29,342)	20,439,127

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26. Changes in Accounting Policies due to full adoption of MFRS 139 (cont'd)

(c) Reconciliation of equity (cont'd)

	FRS as at 1 April 2011 RM'000	Adjustments RM'000	MFRS as at 1 April 2011 RM'000	FRS as at 30 Sep 2011 RM'000	Adjustments RM'000	MFRS as at 30 Sep 2011 RM'000	FRS as at 1 April 2012 RM'000	Adjustments RM'000	MFRS as at 1 April 2012 RM'000
Bank									
ASSETS									
Cash and short-term funds	6,199,953	-	6,199,953	2,641,916	-	2,641,916	4,391,223	-	4,391,223
Cash and placements with financial institutions	251,012	-	251,012	132,344	-	132,344	110,333	-	110,333
Financial investments held-to-maturity	28,585	-	28,585	28,224	-	28,224	28,522	-	28,522
Financial investments available-for-sale	4,360,187	-	4,360,187	4,199,212	-	4,199,212	6,139,218	-	6,139,218
Islamic derivative financial assets	5,177	-	5,177	17,504	-	17,504	4,150	-	4,150
Financing of customers	7,166,034	(17,526)	7,148,508	7,745,938	(35,677)	7,710,261	9,050,805	(39,122)	9,011,683
Other assets	63,645	-	63,645	126,328	-	126,328	37,394	-	37,394
Statutory deposits with Bank Negara Malaysia	94,121	-	94,121	400,221	-	400,221	527,721	-	527,721
Deferred tax assets (net)	38,240	4,382	42,622	16,133	8,919	25,052	52,353	9,780	62,133
Investment in subsidiaries	6,484	-	6,484	6,484	-	6,484	6,384	-	6,384
Investment in associates	-	-	-	-	-	-	45,972	-	45,972
Property, plant and equipment	101,516	-	101,516	75,876	-	75,876	81,072	-	81,072
Prepaid land lease payment	255	-	255	252	-	252	251	-	251
	18,315,209	(13,144)	18,302,065	15,390,432	(26,758)	15,363,674	20,475,398	(29,342)	20,446,056

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26. Changes in Accounting Policies due to full adoption of MFRS 139 (cont'd)

(c) Reconciliation of equity (cont'd)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (cont'd)

	FRS as at 1 April 2011 RM'000	Adjustments RM'000	MFRS as at 1 April 2011 RM'000	FRS as at 30 Sep 2011 RM'000	Adjustments RM'000	MFRS as at 30 Sep 2011 RM'000	FRS as at 1 April 2012 RM'000	Adjustments RM'000	MFRS as at 1 April 2012 RM'000
Bank									
LIABILITIES									
Deposits from customers	16,222,790	-	16,222,790	13,115,080	-	13,115,080	18,158,747	-	18,158,747
Deposits and placements of banks and other financial institutions	14,993	-	14,993	22,509	-	22,509	11,896	-	11,896
Islamic derivative financial liabilities	3,986	-	3,986	7,766	-	7,766	5,630	-	5,630
Bills and acceptances payable	291,375	-	291,375	305,660	-	305,660	310,324	-	310,324
Other liabilities	164,422	-	164,422	147,043	-	147,043	133,218	-	133,218
Provision for zakat and taxation	5,228	-	5,228	1,677	-	1,677	20,511	-	20,511
Subordinated sukuk	251,128	-	251,128	400,000	-	400,000	406,079	-	406,079
	16,953,922	-	16,953,922	13,999,735	-	13,999,735	19,046,405	-	19,046,405
SHAREHOLDERS' EQUITY									
Share capital	1,000,000	-	1,000,000	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Reserves	361,287	(13,144)	348,143	390,697	(26,758)	363,939	428,993	(29,342)	399,651
Total shareholders' equity	18,315,209	(13,144)	18,302,065	15,390,432	(26,758)	15,363,674	20,475,398	(29,342)	20,446,056

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26. Changes in Accounting Policies due to full adoption of MFRS 139 (cont'd)

(d) Reconciliation of total comprehensive income for the period ended 30 September 2011 and for the year ended 31 March 2012

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (cont'd)

	FRS as at 30 Sept 2011 RM'000	Adjustments RM'000	MFRS as at 30 Sep 2011 RM'000	FRS as at 31 March 2012 RM'000	Adjustments RM'000	MFRS as at 31 March 2012 RM'000
Group						
Income derived from investment of depositors' funds and others	418,116	-	418,116	838,499	-	838,499
Income derived from investment of shareholders' funds	25,548	-	25,548	55,092	-	55,092
Allowance for impairment on financing	(18,346)	(18,151)	(36,497)	(41,451)	(21,596)	(63,047)
Impairment writeback on investments	18,693	-	18,693	10,317	-	10,317
Other expenses directly attributable to the investment of the depositors and shareholders' funds	(9,341)	-	(9,341)	(20,752)	-	(20,752)
Total distributable income	434,670	(18,151)	416,519	841,705	(21,596)	820,109
Income attributable to depositors	(170,828)	-	(170,828)	(364,565)	-	(364,565)
Total net income	263,842	(18,151)	245,691	477,140	(21,596)	455,544
Personnel expenses	(88,263)	-	(88,263)	(170,947)	-	(170,947)
Other overheads and expenditures	(95,920)	-	(95,920)	(158,571)	-	(158,571)
Finance cost	(12,970)	-	(12,970)	(23,478)	-	(23,478)
Profit before zakat and taxation	66,689	(18,151)	48,538	124,144	(21,596)	102,548
Zakat	(1,677)	-	(1,677)	(3,087)	-	(3,087)
Taxation	(26,605)	4,538	(22,067)	(36,073)	5,399	(30,674)
Profit for the period	38,407	(13,613)	24,794	84,984	(16,197)	68,787
Other comprehensive income/(loss):						
Net unrealised loss on revaluation of financial investments available-for-sale	(13,669)	-	(13,669)	(24,215)	-	(24,215)
Income tax relating to components of other comprehensive income	4,301	-	4,301	8,159	-	8,159
Exchange fluctuation reserve	1,035	-	1,035	(470)	-	(470)
Other comprehensive loss for the period, net of tax	(8,333)	-	(8,333)	(16,526)	-	(16,526)
Total comprehensive income for the period	30,074	(13,613)	16,461	68,458	(16,197)	52,261

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26. Changes in Accounting Policies due to full adoption of MFRS 139 (cont'd)

(d) Reconciliation of total comprehensive income for the period ended 30 September 2011 and for the year ended 31 March 2012 (cont'd)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (cont'd)

	FRS as at 30 Sep 2011 RM'000	Adjustments RM'000	MFRS as at 30 Sep 2011 RM'000	FRS as at 31 March 2012 RM'000	Adjustments RM'000	MFRS as at 31 March 2012 RM'000
Bank						
Income derived from investment of depositors' funds and others	418,116	-	418,116	838,499	-	838,499
Income derived from investment of shareholders' funds	25,366	-	25,366	54,401	-	54,401
Allowance for impairment on financing	(18,346)	(18,151)	(36,497)	(47,451)	(21,596)	(69,047)
Impairment writeback on investments	18,693	-	18,693	16,217	-	16,217
Other expenses directly attributable to the investment of the depositors and shareholders' funds	(9,341)	-	(9,341)	(20,752)	-	(20,752)
Total distributable income	434,488	(18,151)	416,337	840,914	(21,596)	819,318
Income attributable to depositors	(170,904)	-	(170,904)	(364,736)	-	(364,736)
Total net income	263,584	(18,151)	245,433	476,178	(21,596)	454,582
Personnel expenses	(87,895)	-	(87,895)	(170,256)	-	(170,256)
Other overheads and expenditures	(95,960)	-	(95,960)	(159,204)	-	(159,204)
Finance cost	(12,931)	-	(12,931)	(23,231)	-	(23,231)
Profit before zakat and taxation	66,798	(18,151)	48,647	123,487	(21,596)	101,891
Zakat	(1,677)	-	(1,677)	(3,087)	-	(3,087)
Taxation	(26,571)	4,538	(22,033)	(36,030)	5,399	(30,631)
Profit for the period	38,550	(13,613)	24,937	84,370	(16,197)	68,173
Other comprehensive income/(loss):						
Net unrealised loss on revaluation of financial investments available-for-sale	(14,477)	-	(14,477)	(24,354)	-	(24,354)
Income tax relating to components of other comprehensive income	4,301	-	4,301	8,159	-	8,159
Exchange fluctuation reserve	1,035	-	1,035	(470)	-	(470)
Other comprehensive loss for the period, net of tax	(9,141)	-	(9,141)	(16,665)	-	(16,665)
Total comprehensive income for the period	29,409	(13,613)	15,796	67,705	(16,197)	51,508

BANK MUAMALAT MALAYSIA BERHAD
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27. Reclassification of financial investment designated at fair value through profit and loss in line with MFRS 139

- (a) The changes in accounting policies which resulted in retrospective application by the Group and the Bank are as follows:

	Group and Bank	
	30 September	31 March
	2012	2012
	RM'000	RM'000
Effect of reclassification of investment held-to-maturity to investment designated at fair value through profit and loss		
Held-to-maturity		
At beginning/end of period, as previously stated		
Unquoted Islamic private debt securities in Malaysia	27,947	27,947
Foreign Islamic private debt securities and sukuk	45,972	45,972
Unquoted shares in Malaysia	575	575
Effect of reclassification of investment held-to-maturity to investment designated at fair value through profit and loss	(45,972)	(45,972)
At beginning / end of period, restated	<u>28,522</u>	<u>28,522</u>
Financial investments designated at fair value through profit and loss		
At beginning/end of period, as previously stated	-	-
Effect of reclassification of investment held-to-maturity to investment designated at fair value through profit and loss	45,972	45,972
At beginning/ end period, restated	<u>45,972</u>	<u>45,972</u>